

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES
LOK SABHA

STARRED QUESTION NO. *156

ANSWERED ON MONDAY, FEBRUARY 13, 2023 / MAGHA 24, 1944 (SAKA)

PROMOTION OF DIGITAL TRANSACTIONS

***156. SHRI VIVEK NARAYAN SHEJWALKAR:**

Will the Minister of **FINANCE** be pleased to state:

- (a) whether the Government is making efforts to promote transactions through digital platforms and it has also been successful to an extent, if so, the details thereof;
- (b) whether convenience fee is increasing unwanted burden on the people who use digital transactions even though people's interest has increased towards digital transactions during the last few years, if so, the details thereof;
- (c) whether the Government proposes to reduce the said convenience fee in future; and
- (d) if so, the details thereof?

ANSWER

FINANCE MINISTER
(Smt. Nirmala Sitharaman)

(a) to (d): A Statement is laid on the Table of the House.

STATEMENT REFERRED IN REPLY TO THE LOK SABHA STARRED QUESTION NO. *156 ANSWERED ON 13th FEBRUARY, 2023 BY SHRI VIVEK NARAYAN SHEJWALKAR REGARDING “PROMOTION OF DIGITAL TRANSACTIONS”

(a) Promotion of digital payment is one of the priorities of the Government to facilitate hassle free and seamless banking transactions for the people of the country. Several initiatives have been taken by Government of India, Reserve Bank of India (RBI), National Payments Corporation of India (NPCI) and banks, to promote digital transactions and to create awareness about digital payments in the country.

Some of the initiatives are Bharat Interface for Money - Unified Payments Interface (BHIM - UPI), UPI-123, Aadhaar enabled Payment System (AePS) etc. Also, Ministry of Electronics and Information Technology (MeitY) has introduced the Incentive Scheme for promotion of RuPay Debit Cards and low-value BHIM-UPI transactions for the current financial year. The Scheme provides financial incentive to Banks for promoting point-of-sale (PoS) and e-commerce transactions using RuPay Debit Cards and person-to- merchant (P2M) transactions of low value (i.e. up to Rs.2,000) on the BHIM-UPI platform. MeitY has allocated Rs.2600 crore for the Scheme for FY 2022-23.

As a result of the initiatives taken, there has been a paradigm shift in digital transactions in India which is reflected in terms of the increase in the volume of digital transactions over the last four financial years as illustrated below:

| Financial Year | Volume (in crore) |
|-----------------------|--------------------------|
| 2018-19 | 2326 |
| 2019-20 | 3400 |
| 2020-21 | 4374 |
| 2021-22 | 7197 |

Source: RBI

As observed from the above table, there has been a growth of more than 200% in digital payment volume during the last four years since 2018-19. Further, as per the data sourced from NPCI, UPI transactions registered in FY 21-22 were 45 billion, showing 8 times growth in last 3 years and 50 times growth in last 4 years. Also, the AePS transactions during FY 21-22 have grown 4 times in last 3 years and 10 times since last 4 years.

(b) to (d) As apprised by Public Sector Banks (PSBs) no convenience fee is charged by the banks from the customers. Further, as apprised by Reserve Bank of India (RBI), vide its circular on ‘Furthering Digital Payments-Waiver of Charges-National Electronic Funds Transfer (NEFT) System’ dated 16.12.2019, banks have been advised not to levy any charges on savings bank account holders for funds transfer done through NEFT system which are initiated online (viz. Internet banking and/or mobile apps of the banks) with effect from 01.01.2020. Further, vide Circular 32 of 2019 dated 30.12.2019 of Department of Revenue, any charge, including the Merchant Discount Rate (MDR) shall not be applicable on or after 01.01.2020 on payment made through prescribed electronic modes i.e. RuPay Debit card, BHIM-UPI and BHIM-UPI QR Code.
